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PAGE 01 STATE 136002

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

CONFIDENTIAL STATE 136002

FOR AMBASSADOR BOWDLER

FOLLOWING SENT SECSTATE WASHDC INFO MANAGUA PANAMA SAN JOSE SAN SALVADOR TEGUCIGALPA BELIZE FROM GUATEMALA 24 JUN 74:

QUOTE CONFIDENTIAL GUATEMALA 3407

E.O. 11652: XGDS-2 TAGS: PINT, GT

SUBJECT: PRESIDENT-ELECT LAUGERUD ANNOUNCES HIS CABINET

REF: GUATEMALA 3395

SUMMARY: PRESIDENT-ELECT LAUGERUD ANNOUNCED SELECTION OF NEW CABINET ON JUNE 24. HE HAS APPOINTED CLOSE FRIENDS TO KEY DEFENSE AND GOVERNMENT MINISTRIES, AND TECHNICALLY COMPETENT, RESPECTED MEN TO MOST OTHER POSITIONS. CABINET HAS BASICALLY CONSERVATIVE CAST, BUT SEVERAL KEY MINISTERS HAVE EVIDENCED AWARENESS OF NEED FOR SOME REFORMS. LAUGERUD HAS SUCCESSFULLY RESISTED PRESSURES TO APPOINT POLITICAL HACKS, AND FINAL CHOICES SEEM TO HAVE BEEN HIS OWN. END SUMMARY.

1. PRESIDENT-ELECT GENERAL KJELL LAUGERUD ANNOUNCED SELECTION OF THE FOLLOWING MEMBERS OF HIS CABINET AT A CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 136002

JUNE 24 PRESS CONFERENCE:

FOREIGN RELATIONS: ADOLFO MOLINA ORANTES, 59, NOTED INTERNATIONAL LAWYER, SERVED BRIEFLY AS FOREIGN MINISTER IN 1958, WIDE EXPERIENCE IN FOREIGN AFFAIRS, SERIOUS, HARD-WORKING, FAVORABLY DISPOSED TOWARDS U.S.

GOVERNMENT: GENERAL LEONEL VASSAUX, 48, MINISTER OF DEFENSE FOR 2 YEARS IN ARANA ADMINISTRATION. CLOSE FRIEND OF LAUGERUD. WHO SERVED AS HIS CHIEF OF STAFF.

DEFENSE: GENERAL FAUSTO RUBIO, 45, PRESENT MINISTER OF DEFENSE WHO CONTINUES IN SAME POSITION. CLOSE FRIEND OF LAUGERUD. SERVED AS LAUGERUD'S CHIEF OF STAFF WHEN HE WAS DEFENSE MINISTER.

FINANCE: JORGE LAMPORT, 46, INCUMBENT FINANCE MINISTER, PROBABLY THE MOST COMPETENT MAN IN ARANA CABINET.

ECONOMY: EDUARDO PALOMO, 43, PRESENTLY VICE PRESIDENT OF BANK OF GUATEMALA, FORMER VICE MINISTER OF ECONOMY, HIGHLY COMPETENT, RESPECTED FOR TECHNICAL ABILITY.

COMMUNICATIONS AND PUBLIC WORKS: GUSTAVO ANZUETO, 48, ANOTHER CARRY-OVER FROM PRESENT ADMINISTRATION. MLN MAEMBER, HAS GOOD CREDENTIALS FOR THE JOB BUT SOME QUESTION OF HIS HONESTY. HAS BEEN NEGATIVE FACTOR FOR U.S. BUSINESS INTERESTS.

AGRICULTURE: ROBERTO ZACHRISSON, MEDICAL DOCTOR AND WEALTHY FARMER, ACTIVE IN AGRICULTURAL CIRCLES. HAS BEEN HIGH OFFICIAL IN AGRICULTURAL ASSOCIATIONS.

PUBLIC HEALTH: DR. JULIO CASTILLO SINIBALDI, MEMBER OF CASTILLO BREWERY FAMILY. GENERALLY RESPECTED. HAS SERVED AS CHIEF OF SURGERY AT MILITARY HOSPITAL.

EDUATION: GUILLERMO PUTZEYS, 38, DEAN OF HUMANITIES AT NATIONAL UNIVERSITY, MODERATE, TALENTED ADMINISTRATOR. CONFIDENTIAL

CONFIDENTIAL

APPOINTMENT.

PAGE 03 STATE 136002

LABOR: DANIEL CORZO DE LA ROCA, WAS RUMORED TO HAVE
BEEN CHAMBER OF COMMERCE'S CANDIDATE FOR MINISTER
OF LABOR IN 1970.
POWERFUL CTF UNION LEADER MORALES CRUBAZ DESCRIBED CORZO AS
INDEPENDENT THINKER AND EXPRESSED GUARDED OPTIMISM RE

PUBLIC RELATIONS: ROBERTO GIRON LEMUS, EDITOR OF LA NACION. INTELLIGENT, UNOFFICIAL COLLABORATOR IN ARANA GOVERNMENT, DRAFTED A NUMBER OF ARANA'S SPEECHES. REPORTEDLY SUPPORTS ECONOMIC AND SOCIAL REFORM. HAS LEFTIST BACKGROUND, SERVED IN ARREVALO AND ARBENZ GOVERNMENTS.

- 2. COMMENT: CABINET COMPRISED LARGELY OF TECHNICALLY COMPETENT, RESPECTED, CONSERVATIVELY ORIENTED MEN. LAUGERUD HAS APPOINTED CLOSE FRIENDS TO KEY DEFENSE AND GOVERNMENT MINISTRIES. WHICH WILL STRENGTHEN HIS POSITION VIS-A-VIS HIS VICE PRESIDENT, MARIO SANDOVAL, AND THE FAR RIGHT. MINISTERS OF FOREIGN AFFAIRS, EDUCATION, ECONOMY, AND FINANCE, ARE ALL TOP NOTCH. LATTER TWO ARE WELL AWARE OF NEED FOR FISCAL REFORM. MINISTERS OF AGRICULTURE AND PUBLIC HEALTH ARE RELATIVELY UNKNOWN TO US BUT APPEAR TO HAVE BEEN SELECTED BECAUSE LAUGERUD HAS CONFIDENCE IN THEM. PRESIDENT-ELECT HAS BEEN SUCCESSFUL IN KEEPING POLITICAL HACKS OUT OF THE TOP JOBS, AND WE NOTE THAT PRESIDENT ARANA'S SON. ROBERTO, DID NOT GET A CABINET POSITION AS WAS RUMORED. ONLY MEMBER OF CABINET WITH WHOM WE HAVE HAD BAD EXPERIENCE IS ANZUETO.
- 3. ALTHOUGH, AS NOTED REFTEL, LAUGERUD STILL FACES PROBLEMS IN STAFFING SECONDARY-LEVEL POSITIONS, IT CERTAINLY APPEARS THAT HIS CABINET-LEVEL SELECTIONS HAVE PUT HIM IN ABOUT AS GOOD A POSITION AS COULD BE HOPED FOR TO EFFECT THE MODEST SOCIAL AND ECONOMIC REFORMS HE HAS ESPOUSED. END COMMENT. MELOY UNQUOTE SISCO

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Subject: PRESIDENT-ELECT LAUGERUD ANNOUNCES HIS CABINET

TAGS: PINT, GT, (LAUGERUD, KJELL), (MOLINA ORANTES, ADOLFO), (PALOMO, EDUARDO), (RUBIO, FAUSTO), (LAMPORT, JORGE)

To: BRASILIA

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